

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

SOVERAIN SOFTWARE LLC,

Plaintiff,

v.

CDW CORPORATION,

NEWEGG INC.,

REDCATS USA, INC.

SYSTEMAX INC.,

ZAPPOS.COM, INC.,

REDCATS USA, L.P.,

THE SPORTSMAN'S GUIDE, INC., AND

TIGERDIRECT, INC.,

Defendants.

Case No. 6:07-CV-00511-LED

JURY TRIAL DEMANDED

SOVERAIN'S REPLY TO COUNTERCLAIM OF ZAPPOS.COM, INC.

Plaintiff Soverain Software LLC ("Soverain") replies to the corresponding numbered paragraphs of the counterclaim of Zappos.com, Inc. ("Counterclaim Plaintiff") as follows:

COUNTERCLAIM

1. Soverain admits that Counterclaim Plaintiff purports to assert a counterclaim under the Federal Declaratory Judgment Act and the patent laws of the United States, but denies that Counterclaim Plaintiff has stated a cause of action or any grounds for such relief.

2. Upon information and belief, Soverain states that there are two related entities both of whom are named Zappos.com, Inc.; that both of the entities named Zappos.com, Inc. maintain their principal place of business at 2280 Corporate Circle Dr., Suite 100, Henderson, NV 89074; that one of these entities is incorporated in California and does business principally through the ecommerce website www.zappos.com and other e-commerce websites; and that the California entity was properly served with and adequately identified in the Amended Complaint.

3. Soverain admits the allegations of Paragraph 3.

4. Soverain admits that this Court has subject matter jurisdiction over this action but denies the remaining allegations of Paragraph 4.

5. Soverain admits the allegations of Paragraph 5.

6. Soverain admits the allegations of Paragraph 6.

7. Soverain denies the allegations of Paragraph 7.

8. Soverain denies the allegations of Paragraph 8.

COUNT ONE

Declaratory Judgment of Non-Infringement

9. Soverain repeats its responses to Paragraphs 1-8 above.

10. Soverain denies the allegations of Paragraph 10.

11. Soverain denies the allegations of Paragraph 11.

12. Soverain denies the allegations of Paragraph 12.

COUNT TWO

Declaratory Judgment of Invalidity

13. Soverain repeats its responses to Paragraphs 1-12 above.

14. Soverain denies the allegations of Paragraph 14.

15. Soverain denies the allegations of Paragraph 15.

16. Soverain denies the allegations of Paragraph 16.

COUNT THREE

Declaratory Judgment of Unenforceability

17. Soverain repeats its responses to Paragraphs 1-16 above.

18. Soverain denies the allegations of Paragraph 18.

19. Soverain denies the allegations of Paragraph 19.

20. Soverain admits that Andrew Payne is named as an inventor in the Patents-in-Suit (as defined in the Amended Complaint) and was aware of a company called NetMarket as early as June 15, 1994; Soverain denies the remaining allegations of Paragraph 20.

21. Soverain denies the allegations of Paragraph 21.

22. Soverain denies the allegations of Paragraph 22.

23. Soverain denies the allegations of Paragraph 23.

24. Soverain denies any allegations in Counterclaim Plaintiff's counterclaim that are not specifically admitted herein.

PRAYER FOR RELIEF

Soverain denies that Counterclaim Plaintiff is entitled to the relief requested in its Prayer for Relief, Paragraphs A-F inclusive.

WHEREFORE, Soverain prays for an Order:

A. Granting judgment in Soverain's favor on all claims in Counterclaim Plaintiff's counterclaim;

B. Dismissing Counterclaim Plaintiff's counterclaim with prejudice;

C. Awarding Soverain its attorneys' fees, expenses and costs in defending against Counterclaim Plaintiff's counterclaim;

D. Awarding Soverain the relief sought in its Amended Complaint; and

E Awarding Sovereign such other relief as the Court deems just and proper.

Dated: July 23, 2008

Respectfully submitted,

/s/ Thomas L. Giannetti (w/permission)

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ATTORNEYS FOR PLAINTIFF

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically on July 23, 2008, pursuant to Local Rule CV-5(a) and has been served on all counsel who have consented to electronic service.

/s/ Thomas L. Giannetti
Thomas L. Giannetti